



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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Memorandum

TO: Administration Committee

DATE: October 7, 2009

FR: Deputy Executive Director, Policy

WI:

RE: Contract– OPEB Advisory/Administrator Services, Resolution No. 3912:
i.) Public Agency Retirement Services (PARS)
ii) Pre-qualified list: Public Financial Management Group and Keenan

On July 29, 2009 the Metropolitan Transportation Commission (MTC) issued a Request for Qualifications (RFQ) for the purpose of selecting one or more firms to perform advisory/administrative services for an Other Post Employment Benefits (OPEB) trust account. This account is to be set up in accordance with Governmental Accounting Standards Board 43 and 45.

Five firms responded to the invitation from the RFQ and all were interviewed on September 10 and 11, 2009. The firms were:

ICMA-RC, Washington, DC
Keenan, Oakland, CA
Pineapple Group/Global Investment Services, Sacramento and Oakland, CA
Public Financial Management Group (The PFM Group), Philadelphia, PA and
San Francisco, CA
Public Agency Retirement Services (PARS). Irvine, CA

The evaluation panel, consisting of three MTC staff, conducted the interviews. The evaluation criteria included:

- Firm, principal, and key staff qualification and experience in providing these services
- Flexibility in firm's administration of OPEB trust programs including investment management, investment policies, and type of investments offered for government agencies.
- Efficiency in adopting master trust and other agreements necessary to complete the engagements.
- References.

Based on the evaluation of the written proposals and interviews, the panel unanimously recommends the selection of PARS to perform the advisory/administrative services for the OPEB trust. PARS has the most experience and is the most qualified with advisory services for OPEB trust accounts. The firm and staff have a solid background in GASB 43 and 45 reporting.

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PARS would arrange for an independent audit of the OPEB trust annually, as well as provide disclosure information in compliance with GASB 43 and 45.

PARS has fifteen years in OPEB trust administration and uses Union Bank as the trustee. It has IRS approval for the PARS OPEB Trust and complies with California Government Codes 53620-53622. PARS has specialized exclusively in governmental plan consulting and administration since 1983, has over four hundred client agencies, and administers over seven hundred retirement programs, primarily in California and Texas.

The following requirements must be met in order to participate in the new trust:

- Qualified actuarial study (completed)
- Adoption of PARS Resolution (MTC Resolution No. 3912)
- Approval and execution of participation contract (attached to Res. No. 3912)

Resolution 3912 authorizes MTC to execute an agreement with PARS to establish and administer a third party trust for MTC along with all the other required legal documents.

The panel also recommends that two firms be pre-qualified to enter into future contracts for a period of five years, if needed, as permitted by the RFQ. The two firms are PFM and Keenan. Both firms are well-qualified to provide advisory services for an OPEB trust account in the event that MTC needs their services.

Recommendation

Staff recommends that this Committee forward Resolution No. 3912 to the Commission for approval and, subject to such approval, authorize the Executive Director or his designated representative to negotiate and enter into contracts with PARS. Fees of approximately \$35,000 for FY 2009-10 would be deducted from the OPEB trust account. Staff also recommends that PFM and Keenan be pre-qualified for similar contracts for five years.

Ann Flemer

AF:ES

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REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contracts

Work Item No.: 1152

Consultant: Public Agency Retirement Services (PARS),
Irvine, CA

Pre-qualified firms: Public Financial Management Group,
Philadelphia, PA and Keenan, Oakland, CA

Work Project Title: OPEB Advisory/Administration Services

Purpose of Project: To obtain services of OPEB advisory/administration services

Brief Scope of Work: To perform advisory and administration services for an OPEB trust
account

Project Cost Not to Exceed: Percentage based on assets in trust account

Funding Source: Approximately \$35,000 fees deducted from the OPEB trust
account for FY 2009-10

Fiscal Impact: No impact on MTC agency budget

Motion by Committee: Subject to the Commission's approval of MTC Resolution 3912,
that the Executive Director or his designated representative is
authorized to enter into contract(s) with PARS for the purposes
stated above and that the firms of Public Financial Management
Group and Keenan be pre-qualified to enter into similar contracts
for a five-year period.

Administration Committee:

Tom Bates, Chair

Approved: Date: October 14, 2009